



Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt, III
Secretary

**TO: Michael McInerney, Director of External Affairs
South Carolina Department of Commerce**

**FROM: Alan D. Young, Executive Director, Coordinating Council
South Carolina Department of Commerce**

DATE: May 15, 2013

SUBJECT: 2012 Annual Report of Enterprise Zone Activity

On behalf of the Coordinating Council for Economic Development, I am pleased to submit the 2012 Coordinating Council for Economic Development Annual Report of Enterprise Zone Activity. In accordance with Sections 12-10-85(D) and 12-10-100(C) of the Enterprise Zone Act of 1995, this report details activities of the Enterprise Zone Programs managed by the South Carolina Department of Commerce's Grants Administration Division.

Please call me at 803-737-0448 should you have questions or need additional information.

cc: The Honorable Robert M. Hitt, III, Secretary of Commerce
Chairman, Coordinating Council for Economic Development
Bill Blume, Director, SC Department of Revenue
The Honorable Hugh E. Weathers, Commissioner, SC Department of Agriculture
Ralph A. Odom, Jr., Chairman, State Board for Technical and Comprehensive Education
Marco L. E. Cavazzoni, Chairman, SC Research Authority
Don Tomlin, Chairman, Jobs Economic Development Authority
O. L. Thompson, Chairman, Santee Cooper
Duane N. Parrish, Director, SC Department of Parks, Recreation and Tourism
William H. Stern, Chairman, State Ports Authority
John Finan, Director, SC Department of Employment and Workforce
Robert St. Onge, Secretary, SC Department of Transportation

Enclosure

**South Carolina
Coordinating Council for
Economic Development**

**2012 Annual Report of
Enterprise Zone Activity**

May 14, 2013

SC Coordinating Council for Economic Development 2012 Annual Report of Enterprise Zone Activity

Table of Contents

Overview of the Coordinating Council for Economic Development	1
Council Responsibilities and Membership.....	1
2011 Administrative Changes	2
Enterprise Zone Programs	3
Job Development Credit.....	3
Job Retraining Credit	5
Responsibilities of the Coordinating Council	6
2012 Accomplishments	6
Summary of 2012 Enterprise Zone Program Activity & Application Fees	7
Summary of 2012 Enterprise Zone Program Activity	8
Enterprise Zone Program Preliminary Revitalization Agreements Calendar Year 2012 Approvals	9
Enterprise Zone Program Final Revitalization Agreements Calendar Year 2012 Approvals	11
Enterprise Zone Program 5-Year Retraining Agreements Calendar Year 2012 Approvals.....	11

OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

The Coordinating Council for Economic Development was established by the General Assembly in 1986 (SC Code 13-1-1710) for the purpose of enhancing economic growth and development in the State through strategic planning and coordination. As such, the Council is chaired by the Secretary of Commerce and the ten additional members are drawn from other state agencies involved in economic development.

COUNCIL RESPONSIBILITIES AND MEMBERSHIP

By statute, the full body of the Council is required to meet at least quarterly. Its responsibilities include: establishing guidelines and procedures for all Council programs; implementing the state's strategy for economic development; reviewing and approving all applications for grants from the Set-Aside, Rural Infrastructure, Closing and Tourism Infrastructure Funds; reviewing and approving all applications for Enterprise Zone Job Development Credit and Retraining incentives; and reviewing and approving all applications for International Trade incentives. The Council also certifies economic development projects as representing "significant economic impact" on areas surrounding them, for the purposes of qualifying for income tax apportionment, income tax moratoriums, and incentives related to data centers.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, five-member subcommittee ("Enterprise Committee") to handle the substantial volume of new activity and related policy decisions. This committee meets monthly to review and approve applications for Enterprise Zone incentives, review and approve applications for International Trade incentives, respond to issues and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown below.

AGENCY MEMBERS OF THE COORDINATING COUNCIL

SC Department of Commerce
SC Department of Parks, Recreation and Tourism
SC Department of Employment and Workforce
SC Research Authority
State Board for Technical and Comprehensive
Education
SC Department of Transportation

*SC Department of Revenue
*SC Department of Agriculture
*Santee Cooper
*State Ports Authority
*Jobs Economic Development
Authority

**Denotes Enterprise Committee member*

2012 ADMINISTRATIVE CHANGES

Robert M. Hitt III, who was appointed Secretary of Commerce by Governor Nikki Haley in January 2011, acted as Chairperson of the Coordinating Council throughout 2012. Jim Etter, Director of the SC Department of Revenue, chaired the Enterprise Committee of the Coordinating Council throughout 2012. The heads of several member agencies changed during 2012.

Council membership after all changes in calendar year 2012 was as follows:

Robert M. Hitt III	Secretary of Commerce Chairman, Coordinating Council for Economic Development
Jim Etter	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
Abraham J. Turner	Director, SC Department of Employment and Workforce
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Ralph A. Odom, Jr.	Chairman, State Board for Technical and Comprehensive Education
Marco L. E. Cavazzoni	Chairman, SC Research Authority
Peter Brown	Chairman, Jobs and Economic Development Authority
O.L. Thompson	Chairman, Santee Cooper
William H. Stern	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Robert St. Onge	Secretary, SC Department of Transportation

Coordinating Council staff:

Alan D. Young	Executive Director, Coordinating Council
Cynthia Turnipseed	Assistant to the Director and Staff Attorney
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Dale Culbreth	Senior Program Manager, CCED Grant Programs

ENTERPRISE ZONE PROGRAMS

The South Carolina General Assembly enacted the Enterprise Zone legislation in 1995. Since that time, the incentives contained in this legislation have created a significant competitive advantage for this state. They have also greatly enhanced South Carolina's ability to compete for and win high-quality, high-wage economic development projects. As Enterprise Zone incentives are most valuable to companies locating or expanding in "Tier IV" counties, Enterprise Zone incentives have also helped attract needed jobs and industry to the most rural areas of the state.

JOB DEVELOPMENT CREDIT

The most significant incentive created by the Enterprise Zone legislation is the Job Development Credit ("JDC"). The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible expenditures. However, the JDC can only be claimed *after a company has proven that it has met an agreed level of new capital investment and net new job creation*. Companies must perform, in a manner consistent with their approval for the program, the level of job creation and the new capital investment on which the approval was based, before they can benefit from the program. Companies can take up to 5 years to complete their investment and job creation. At this point, they are "certified" by the Council to begin receiving JDC reimbursements.

After certification, the JDC can be claimed only *quarterly*. The reimbursement process is slow, designed to reimburse companies over a 10-year period for projects which entered into a preliminary revitalization agreement. (Should all eligible expenditures be recouped before 10 years, the process ends. In no case does the statute allow total JDCs received to exceed eligible expenditures.) Even over 10 years, many companies will recover only a small percentage of their total eligible expenditures. Generally eligible expenditures represent permanent capital investment that will stay in the state, regardless of what the company may do in the future and regardless of whether the company recoups these expenditures in the form of JDC reimbursement.

It is important to note that the statute does *not* allow reimbursement for moveable personal property, such as machinery and equipment and/or furniture and fixtures, with the exception of pollution control equipment. These items typically represent the majority of an economic development project's total capital costs, and as a result, the state and locality gain much more than simply the eligible capital investment. In order to benefit from any reimbursement in the future, the company must *meet* and maintain a level of total capital investment typically *2 to 8 times greater* than the reimbursable amount. In this way, the Enterprise Zone JDC has proven extremely effective in stimulating a guaranteed increase in capital investment and a related increase in local tax base for counties all across South Carolina.

ANNUALLY ADJUSTED JOB DEVELOPMENT CREDIT FACTORS

The amount a company can claim as a JDC depends on three factors: 1) wage levels for qualified new jobs, 2) development status of the county where the project locates or expands, and 3) maximum eligible expenditures. In no case can a company receive more than the total cost of its eligible expenditures.

1) Wage Levels

The maximum value of the JDC depends on the hourly pay rate for new positions: to encourage higher paying jobs, the higher the pay rate, the greater the benefit to the company. A company with positions that all pay \$25 per hour will be able to claim a JDC equal to 5% of the taxable wages for those positions. Conversely, a lower paying employer may qualify to claim only 2 or 3% of taxable wages for his positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2012.

PERCENTAGE OF TAXABLE WAGES COMPANIES MAY CLAIM AS A JOB DEVELOPMENT CREDIT 2012	
Hourly Wage	Maximum % Claimed as JDC
\$9.08 - \$12.10 / hour	2%
\$12.11 - \$15.12 / hour	3%
\$15.13 - \$22.69 / hour	4%
\$22.70 and over	5%

2) County Development Status & Contributions to the Rural Infrastructure Fund

Of the maximum, companies can actually claim 55% to 100%, depending on the status of the county at the time of approval for the program. Greatest benefit goes to companies locating or expanding in a Tier IV county. The difference between the maximum and the amount the company can claim goes to the Rural Infrastructure Fund ("RIF"). As the Enterprise Program has matured, the RIF has begun to represent a significant source of assistance to rural counties, both for infrastructure and product development activities related to economic development preparedness, and for roads, water/sewer, site preparation and other activities necessary to secure new business locations or expansions.

For the purposes of determining development status, the classifications correspond to those established for the Jobs Tax Credit corporate income tax credit. Effective January 1, 2012, the state's 46 counties were divided into four classifications based on unemployment rates and per capita income levels. The four classifications and the Job Development Credit percentages that can be claimed in each category are shown below.

**COUNTY CLASSIFICATIONS FOR THE
JOB DEVELOPMENT CREDIT**

County Classification	Allowable Credit as % of Total JDC
Tier I	55%
Tier II	70%
Tier III	85%
Tier IV	100%

JOB RETRAINING CREDIT

South Carolina's existing industry must remain competitive and profitable in order to avoid a loss of jobs to other states and countries. To assist with this, the Enterprise Act of 1995 also provided a retraining incentive for existing industry. This "retraining credit" allows eligible businesses to claim a credit against withholding tax for the cost of retraining existing production or technology employees, provided the training is necessary for the company to remain competitive or to introduce new technologies.

The Enterprise Zone legislation requires that retraining be approved and performed by the technical college serving the designated site. The technical college may provide the retraining program directly or contract with other training entities to accomplish the training outcomes.

The Coordinating Council defines production employees as employees who are directly engaged in the actual making of tangible personal property or who are directly involved in manufacturing, processing operations or distribution. A technology employee is also defined as an employee at a technology intensive facility who is directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility. Eligible businesses may not claim more than \$500 per calendar year, or \$2,000 over a five-year period, per production or technology employee. Furthermore, a company must match – on a dollar for dollar basis – the employee's withholding share claimed for the training. Finally, companies may not claim **both** the Job Development Credit and the Retraining Credit on the same position.

RESPONSIBILITIES OF THE COORDINATING COUNCIL

The Enterprise Zone Act (“Act”) gives the Coordinating Council authority to administer these incentives in a manner consistent with the Act. The Act charges the Coordinating Council with establishing criteria for approval of qualifying businesses, conducting an adequate cost/benefit analysis with respect to proposed projects and incentives proposed to be granted, and preparing a public document that summarizes each revitalization agreement concluded during the prior calendar year. Per Section 12-10-100(C), this report shall list each revitalization agreement, the results of each cost/benefit analysis and receipts and expenditures of application fees.

2012 ACCOMPLISHMENTS

During calendar year 2012, 55 projects were approved for the Job Development Credit Program, and these projects have made initial commitments to create 8,276 new jobs and to invest \$2.1 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$10 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

Also in 2012, companies continued to apply for, and be approved for, 5-year retraining agreements. Having negotiated training plans with the technical college serving their area, 18 retraining plans were approved for the Enterprise Zone retraining credit. Under these 5-year plans, the 16 participating companies indicated that a total of 6,181 employees represent qualified “production employees” eligible for retraining credits.

SUMMARY OF 2012 ENTERPRISE ZONE PROGRAM ACTIVITY & APPLICATION FEES

SOUTH CAROLINA ENTERPRISE PROGRAM 2012 PROJECT APPROVALS	
JOB DEVELOPMENT CREDITS:	
Number of Approved Projects	55
Projected Jobs	8,276
Projected Capital Investment	\$2,103,411,736
Net Economic Benefit (over 10 years)	\$10,006,119,848
RETRAINING CREDITS:	
Number of Retraining Agreements	18
Employees to be Retrained (over 5 years)	6,181

2012 ENTERPRISE ZONE APPLICATION FEES	
APPLICATION FEES RECEIVED:	
January 1 – December 31, 2012	\$254,500
EXPENDITURES:	
Personnel & Administration	\$256,010

SUMMARY OF 2012 ENTERPRISE ZONE PROGRAM ACTIVITY

2012 JOB DEVELOPMENT CREDIT PROJECTS - BY COUNTY CLASSIFICATION -			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	16	\$834,298,031	2,285
Tier II	17	\$792,950,116	2,948
Tier III	9	\$266,370,000	1,011
Tier IV	13	\$209,793,589	2,032
TOTALS	55	\$2,103,411,736	8,276

2012 JOB DEVELOPMENT CREDIT PROJECTS - BY PROJECT TYPE -				
PROJECT TYPE	NUMBER OF PROJECTS	NUMBER OF COMPANIES	PROJECTED INVESTMENT	PROJECTED JOBS
Expansion	34	28	\$1,344,346,301	4,812
New	21	17	\$759,065,435	3,464
TOTALS	55	45	\$2,103,411,736	8,276

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2012 APPROVALS**

Note: Not all projects have been announced

PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10- YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ12372732	Oconee	6,900,000	63	64,858,149	New
EZ12112716	Cherokee	18,400,000	51	46,882,164	New
EZ12232700	Greenville	1,910,000	43	90,616,251	Expansion
EZ12452778	Williamsburg	9,162,000	70	64,975,809	Expansion
EZ12302727	Laurens	19,955,000	32	39,527,403	Expansion
EZ12422775	Spartanburg	22,244,730	474	384,528,129	Expansion
EZ12232725	Greenville	14,083,214	279	180,463,638	Expansion
EZ12262653	Horry	7,250,000	24	31,700,998	Expansion
EZ12112706	Cherokee	29,700,000	50	78,357,784	Expansion
EZ12372721	Oconee	26,360,000	30	45,194,159	Expansion
EZ12042770	Aiken	100,000,000	128	268,418,392	Expansion
EZ12462717	York	26,496,748	243	251,132,415	New
EZ12432654	Sumter	14,500,000	60	52,768,278	Expansion
EZ12402779	Richland	13,480,899	500	442,980,326	Expansion
EZ12432744B	Sumter	105,000,000	338	436,269,107	New
EZ12432744A	Sumter	8,000,000	70	151,875,222	New
EZ12262739	Horry	9,739,000	608	438,879,449	New
EZ12342773	Marion	54,430,000	215	183,819,687	New
EZ12442682	Union	35,000,000	40	63,808,888	New
EZ12172762	Dillon	45,000,000	140	119,099,124	Expansion
EZ12462679	York	18,000,000	75	91,340,541	Expansion
EZ12422698	Spartanburg	9,480,000	66	69,006,231	New
EZ12102782	Charleston	12,000,000	30	87,877,131	Expansion
EZ12232777	Greenville	120,000,000	100	188,678,884	Expansion
EZ12402745A	Richland	220,200,000	400	541,439,764	New
EZ12402745B	Richland	80,000,000	50	97,270,658	New
EZ12402745C	Richland	50,000,000	175	182,770,393	New
EZ12402745D	Richland	50,000,000	175	182,770,393	New
EZ12362733	Newberry	17,547,020	100	94,044,081	Expansion
EZ12402768	Richland	130,000,000	175	255,550,912	Expansion
EZ12422780	Spartanburg	4,000,000	20	20,451,977	Expansion
EZ12212708	Florence	10,600,000	28	46,882,164	Expansion
EZ12042678A	Anderson	300,000,000	270	548,783,335	Expansion
EZ12042678B	Anderson	125,000,000	60	134,153,401	Expansion
EZ12042754	Anderson	175,000,000	100	271,050,037	Expansion
EZ12212652	Florence	8,000,000	25	24,931,840	New
EZ12262736	Horry	4,000,000	56	68,195,323	Expansion
EZ12462741	York	24,087,618	364	402,413,948	New
EZ12172709	Dillon	7,975,000	45	45,305,615	New
EZ12292726A	Lancaster	2,500,000	125	133,192,764	Expansion
EZ12292726C	Lancaster	10,000,000	300	367,400,236	Expansion
EZ12292726D	Lancaster	15,000,000	300	395,454,632	Expansion
EZ12292726B	Lancaster	6,000,000	275	315,916,685	Expansion
EZ12292771	Lancaster	3,150,000	60	73,728,944	New
EZ12242715	Greenwood	26,115,000	250	194,159,939	Expansion

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2012 APPROVALS**

Note: Not all projects have been announced

PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTE D JOBS	PROJECTED 10- YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ12232728	Greenville	3,949,000	35	51,994,195	Expansion
EZ12152731	Colleton	9,700,000	120	116,451,083	New
EZ12132758	Chesterfield	13,072,350	100	98,708,840	Expansion
EZ12132759	Chesterfield	27,822,088	88	97,9843,438	Expansion
EZ12082737	Berkeley	11,115,000	310	897,941,452	Expansion
EZ12142756	Clarendon	12,432,151	214	215,477,060	New
EZ12102699	Charleston	14,674,918	100	122,281,291	New
EZ12232764	Greenville	5,400,000	42	32,863,339	New
EZ12452730	Williamsburg	3,250,000	100	37,956,043	Expansion
EZ12042705	Anderson	5,730,000	85	65,537,907	Expansion

**ENTERPRISE ZONE PROGRAM
FINAL REVITALIZATION AGREEMENTS
CALENDAR YEAR 2012 APPROVALS**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
Allegro Industries	Anderson	54,150,591
BASF Corporation	Oconee	63,360,695
Bluestar Silicones USA Corp.	York	87,020,422
Britax Child Safety, Inc.	York	251,132,415
CertusBank, N.A.	Greenville	755,403,043
Continental Tire the Americas, LLC	Lancaster	170,443,259
Geocent LLC	Charleston	247,220,678
Gestamp South Carolina, LLC	Union	140,883,973
Gonvauto South Carolina LLC	Union	63,808,888
Michelin North America, Inc.	Lexington	184,368,099
Michelin North America, Inc.	Lexington	85,377,535
Michelin North America, Inc.	Greenville	22,461,745
Nexans High Voltage USA, Inc.	Berkeley	153,819,100
Robert Bosch LLC	Dorchester	398,109,626
Schaeffler Group USA Inc.	Chesterfield	81,049,008
SEW-Eurodrive, Inc.	Spartanburg	60,339,139

**ENTERPRISE ZONE PROGRAM
5-YEAR RETRAINING AGREEMENTS
CALENDAR YEAR 2012 APPROVALS**

COMPANY NAME	COUNTY	EMPLOYEES ELIGIBLE TO BE RETRAINED DURING 5-YEAR AGREEMENT
Baldor Electric Company	Anderson	89
Comatrol	Pickens	170
Cryovac - Sealed Air Corporation	Greenville	925
Fisher Barton South Carolina, Inc.	Greenwood	91
FN Manufacturing LLC	Richland	305
Greenwood Mills, Inc.	Greenwood	283
Inergy Automotive Systems	Anderson	137
Itron	Oconee	600
Lakeside Sheet & Structural	Anderson	14
Meyer Tool, Inc.	Greenville	30
Michelin North America, Inc.	Anderson	660
Michelin North America, Inc.	Greenville	600
Michelin North America, Inc.	Greenville	950
Orian Rugs, Inc.	Anderson	250
Plastic Omnium	Anderson	237
TorqTek Design and Manufacturing, LLC	Charleston	150
VTL Precision, Inc.	Charleston	40
Westinghouse Electric Company	Richland	650